



STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

Scott M. Matheson, Governor
Temple A. Reynolds, Executive Director
Dr. G. A. (Jim) Shirazi, Division Director

4241 State Office Building • Salt Lake City, UT 84114 • 801-533-5771

June 10, 1983

Mr. Richard Blubaugh
Environmental Specialist
Atlas Minerals
P.O. Box 1207
Moab, Utah 84532-1207

RE: Mine Plan Amendment, 2 year
Suspension and successor
Transfer Information
Wood Lease Mine
ACT/037/021
San Juan County, Utah

Dear Mr. Blubaugh:

The information supplied as an amendment to the Mining and Reclamation Plan (MRP) for the Wood Lease Mine as specified in the January 28, 1983 Division letter has been reviewed. I also appreciate the conversation held between Rick and myself on May 25, 1983 in which Rick reminded me of certain aspects of the Division's responsibility regarding the contract approval conditions. The new material satisfies condition No. 3 as has been stated and as such is incorporated into the MRP as an approved amendment.

During the inspection of May 25, 1983 the excellent stabilization work was reviewed. An additional two year period of suspension is given for the operation in accordance with Rule M-7 of the Mined Land Reclamation work.

Another issue remains unanswered in spite of Atlas Mineral's prompt action so far. (It is also apparent that Ray Kunkel has become the responsible party for this issue.) During an April 6th meeting with Mr. Kunkel he disclosed that an alternate source of water, other than the one with the approved water rights, was filling the mine. Rick Broschat informed me on May 25th that Atlas provided samples of this water to Mr. Kunkel so that he could have radiometric tests run for the purposes of establishing the feasibility of discharging or evaporating the water. Therefore it seems that Atlas has lived up to it's end of the bargain and should be excused from further liability on this point unless the transfer does not proceed.

Transfer document discussions with the Special Assistant to the Attorney General have developed the position that additional language needs to be incorporated into the Notice of Intention and Succession of Operators. The following two amendments will need to be made:

ITEM 1

Under Agreements, paragraph 2 shall read; "Successor will complete the reclamation plan and comply with all applicable statutes, and hereby assumes liability for completing such Plan and complying with all

Mr. Richard Blubaugh
ACT/037/021
June 10, 1983
Page 2

applicable statutes relating to all areas heretofore disturbed as well as to all areas hereafter disturbed. Successor will perform all of the obligations of the Operator under the Notice which have not heretofore been performed by Operator."

ITEM 2

Under Agreements, paragraph 3 shall read; "Successor hereby agrees to provide the State with acceptable surety, which is to be substituted for the bond and surety hertofore filed by the Operator. Operator shall not be released from liability for reclamation until the State has received acceptable surety from Successor."

These changes are applied in accordance with Title 40-8-19 as approvable conditions necessary for transfer of responsibilities to Ray Kunkel.

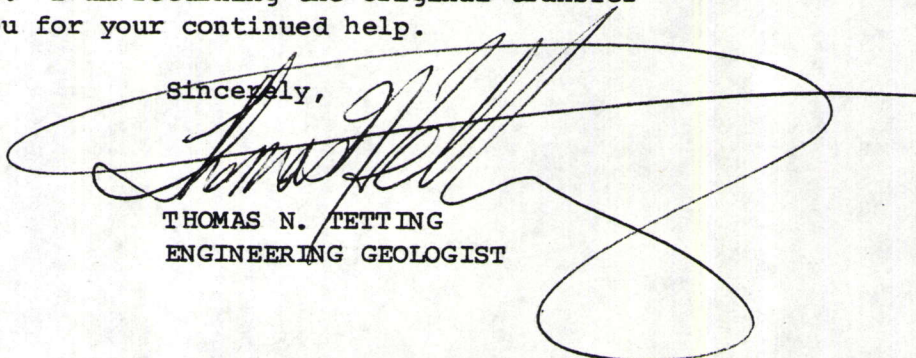
Additional items which will be required as conditions of approval within ninety days of transfer will be the formulation and submission of acceptable reclamation plans for the following areas:

1. A revegetation plan, developed in cooperaion with or approved by the Division.
2. Depending upon submitted radiometric analyses of the mine waters, a State Health approved evaporation pond design may become a necessary part of the mining and reclamation plan. These analyses should be submitted at the earliest opportunity to make this determination.

One remaining issue is that of the "tendered substitute bond". No bond accompanied the original transfer proposal. In the interests of conserving time, the new substitute bond should accompany the final transfer agreement.

If Atlas Corporation may at all expedite matters concerning this transfer of liability it could be possible to achieve a final outcome by the June 1983 Board Hearing on the 23rd and 24th. I am returning the original transfer agreement to Mr. Kunkel. Thank you for your continued help.

Sincerely,



THOMAS N. TETTING
ENGINEERING GEOLOGIST

TNT/lm

cc: Jim Smith, DOGM
Ray Kunkel, W/Transfer document
Rick Broschat, Atlas, Moab